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Geneva, 30 June-25 July 2003
Agenda item 7 (c)
Coordination, programme and other questions: calendar of conferences and meetings in the economic, social and related fields

Letter dated 26 June 2003 from the Chairman of the Committee on Conferences addressed to the President of the Economic and Social Council

In response to the invitation of the Economic and Social Council set forth in its decision 1988/103 of 5 February 1988, the Committee on Conferences met on 26 June 2003 to review the provisional calendar of conferences and meetings for 2004 and 2005 in the economic, social and related fields.[1] The Committee welcomed the opportunity to review the provisional calendar of conferences and meetings and to provide, as appropriate, its recommendations thereon to the Council.

In introducing the provisional calendar, the Secretary of the Committee on Conferences drew the attention to some important guidelines, also referred to in the preamble of the document, set out by the General Assembly and the Economic and Social Council in their resolutions and decisions on the calendar of conferences and meetings. Those guidelines included the Council's decision to biennialize the sessions of its subsidiary bodies, although the trend seems to be in the other direction. Concern was raised regarding exceptions to biennialization. It was noted that a number of subsidiary bodies have yet to comply with the Council's decision on this matter, and that, in fact, one more body was this year requesting annualization. Consequently, further consideration of this issue is warranted.

It was noted that, once the calendar is adopted, no additional meetings representing departures from the biennial cycle would be authorized.

[1] E/2003/L.7.

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In the preparation of the calendar, careful consideration was given to avoiding scheduling meetings on Orthodox Good Friday, in accordance with General Assembly resolution 53/208 A of 18 December 1998.

The Committee on Conferences also noted that subsidiary bodies should end their sessions at last eight weeks before the session of the Economic and Social Council to which they report and pointed out that every effort had been made in the preparation of the draft calendar to follow this guideline as much as possible. It was also reiterated that every effort was made to avoid any overlap of meetings related to the same sector of activity.

The Committee on Conferences further encouraged the Economic and Social Council to review the calendar as a whole in the context of its review of the mandates, composition, functions and working methods of its functional commissions and expert groups.

The Committee on Conferences recommends the adoption of the provisional calendar of conferences and meetings of subsidiary bodies of the Economic and Social Council for 2004-2005,[1] and recommends that the Council bear in mind the above observations/suggestions.

In closing, I would like to express the appreciation of the Committee on Conferences for the invitation of the Economic and Social Council to review its draft calendar of conferences and meetings and of the continued close cooperation between the Council and the Committee.

(*Signed*): Mahammad **Tal**
Chairman,
Committee on Conferences

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Sustainable development

Letter dated 16 July 2003 from the Chargé d'affaires a.i. of the Permanent Mission of Cape Verde to the United Nations addressed to the President of the Economic and Social Council

I have the honour to attach a memorandum of the Government of Cape Verde on the issue of graduation from the list of least developed countries, which I respectfully request to be circulated among the members of the Economic and Social Council (see annex).

(*Signed*): António Pedro **Alves Lopes**
Chargé d'affaires a.i.

GE.03-63261 (E) 170703

Annex to the letter dated 16 July 2003 from the Chargé d'affaires a.i. of the Permanent Mission of Cape Verde to the United Nations addressed to the President of the Economic and Social Council

Memorandum by the Government of Cape Verde on the issue of graduation from the list of least developed countries

Introduction

1. During its substantive session of 2003, the Economic and Social Council will be discussing the report of the Committee for Development Policy on its fifth session (7-11 April 2003). In that report, the Committee states that from a technical point of view Cape Verde qualifies for graduation from the list of least developed countries (LDCs), since, according to the 2003 review, it met again two of the three graduation criteria: the income per capita and human capital indices. In contrast, however, it recognizes that Cape Verde's Economic Vulnerability Index (EVI) score is the seventh highest of all the least developed countries, even higher than that of some countries in conflict and post-conflict situations.

2. In its 2000 review, the Committee stated that although Cape Verde had met two graduation criteria (the same as in the 2003 review), its high economic vulnerability and high dependence on foreign aid and workers' remittances had led it to recommend that graduation be postponed for reconsideration at the 2003 review. In 2003, however, the Committee simply stated that graduation criteria had been met but stopped short of a recommendation, leaving the decision to the Council. The cautious position taken by the Committee is justified by the fact that there has been no major improvement in Cape Verde's general economic and social situation. Thus, the Committee implicitly recognizes the high risk that the loss of LDC status entails for a country, which, in light of its EVI score, is considered to have a high degree of economic vulnerability. In its 2003 report the Committee states "Despite the progress they have achieved, countries that qualify for graduation from least developed country status are likely to continue to have a limited capacity to withstand exogenous shocks. A sudden withdrawal of external support is likely to constitute such a shock and to have negative effects, possibly reversing some of the development progress achieved. Countries that qualify for graduation from least developed country category should be commended for their success and not penalized for it by the imposition of such a shock" (E/2003/33, chap. IV.C, para. 25).

The risks associated with a small, highly vulnerable country's premature graduation

3. As the 2003 vulnerability profile established by the United Nations Conference on Trade and Development (UNCTAD) shows, there has been no significant improvement in Cape Verde's vulnerability and dependency since 2000. The profile clearly shows that the country's economy remains highly dependent on two external factors: official development assistance (ODA) and remittances from emigrants. During the 1997-2001 period, over 80 per cent of public spending was funded through ODA, which is equivalent to about 12 per cent of Cape Verde's gross domestic product (GDP) for 2000. Remittances from emigrant workers account for between 12 and 14 per cent of GDP, more than three times that of exports of goods and nearly two and a half times that of income from tourism. ODA and remittances are the primary input into the country's foreign reserves. This situation

demonstrates that, despite the significant progress achieved, one result of which is an increase in GDP, Cape Verde's economy continues to be stimulated from abroad and is still far from having reached the threshold of sustainability. Both aid and remittances are on the decline and unstable, and the economy has not yet succeeded in generating alternative resources. Premature graduation from the LDC group could send an erroneous signal regarding the country's structural social and economic situation, accelerate the decline in assistance and worsen its concession terms and indebtedness. It could therefore have a negative impact on economic growth.

4. Cape Verde's vulnerability profile shows that, despite the dynamic process under way, economic growth has not yet resulted in a major structural change in the country's economic specialization. Its production base remains narrow and poorly diversified. Its agricultural production is highly unstable and insufficient; the country produces a scant 10 to 15 per cent of the agricultural products that it consumes. Cape Verde is totally energy-dependent and its manufacturing sector is embryonic; exports amounted to only 4.5 per cent of imports between 1994 and 2000, a fact which illustrates the country's poor trade balance. Exports of goods accounted for only 10 per cent of all exports and were concentrated almost entirely in one area (clothing and footwear). The traditional export of bananas has been brought to a complete halt by a loss of competitiveness on international markets while the export of fish products, currently embargoed in the European Union, has declined by 80 per cent in recent years. Over 70 per cent of the service sector, which accounts for the nearly 90 per cent of exports, is concentrated on tourism and air transportation. This increasing service orientation of the economy, aggravated by its concentration in a small number of sectors, is a natural stage in the development of a country such as Cape Verde. Nevertheless, it increases the country's economic vulnerability to external factors as shown by the significant decline in income from tourism and transportation following the events of 11 September 2001.

5. The profile draws attention to the major structural constraints and vulnerabilities, which constitute a handicap to the country's sustainable development. Cape Verde has no natural resource base to serve as a foundation for its development and the great fragility of its environment raises serious concerns regarding the sustainability of such development, particularly in the areas of agriculture and tourism. Climatic vulnerability is a constant threat to its agriculture and a high-risk factor for its rural population since it leads to prolonged droughts, soil erosion and desertification. UNCTAD studies have shown that Cape Verde has the highest level of agricultural production instability of the 128 developing countries considered.

6. Moreover, limitations inherent in the country's situation as a small island State composed of 10 widely spaced islands place a heavy burden on its development. This situation increases Cape Verde's vulnerability and explains much of the difficulty it has encountered in seeking to diversify its economy and improve its competitiveness. Contributing factors include the lack of a domestic market, diseconomies of scale, high unit costs, high transportation and distribution costs, limitations on the movement of goods and persons, the need to maintain high levels of stocks, the necessary multiplication of infrastructures and the increased cost of essential services such as education, health care and other public services.

7. It is obvious that under these conditions, Cape Verde cannot base its development on the exploitation of natural and primary resources or on the exploitation of its small domestic market. Its development is unavoidably dependent on its ability to function in the global economy.

Therefore, a key element of its medium- and long-term strategy is the need to address the major challenges of unemployment, poverty and economic dependence, particularly on ODA, strengthen its tourism and light export industry sectors and transform and exploit the advantage of its location to serve as a basis for international service industries.

8. In light of the above, the loss, at this stage, of facilities for preferential and differentiated access to international markets that could result from graduation would deprive Cape Verde of an essential lever for its beneficial entry into the highly competitive global market, which is very uncertain for the least developed countries and small States; it would also raise additional barriers to the implementation of its development strategy. In fact, the current world economic situation further increases small countries' vulnerability to external risks; this is especially true in the case of the small island developing States (SIDS), which are recognized by the United Nations as a special case for environment and development.

9. Moreover, Cape Verde's development strategy recognizes, in addition to good governance, democracy and social stability, the fundamental importance of increasing its competitiveness and therefore of generating human capital and public infrastructure; both of these goals are closely linked to the availability of ODA.

10. Cape Verde has been making a great effort in the social area, particularly in education and health care, as well as in fighting the poverty, which still affects nearly 30 per cent of its people. Its social development indicators are good for a sub-Saharan African country and its Government takes satisfaction in the fact that it has met the human capital index (HCI) criterion; however, this index is heavily dependent on foreign aid and workers' remittances. Nearly 90 per cent of investments spending in the health and education sectors are funded through foreign aid. Food imports and, in particular, food aid are used to meet nearly 80 per cent of the nation's nutritional needs. Remittances from emigrants, which play an important role in the improvement of the living conditions of Cape Verde's people, are tending to decrease in the medium and long term. It is becoming increasingly difficult to ensure the sustainability of the educational and health systems in order to develop the human capital that would allow a small island economy to benefit from globalization. Any reduction in aid as result of the country's graduation from the list of least developed countries would raise the prospect of a decline in social indicators, although the progress achieved shows that Cape Verde has the potential to achieve the Millennium Development Goals.

The island factor: structural handicaps, vulnerabilities and increased dependency

11. As a small island developing State, Cape Verde faces adverse factors and very strong structural constraints that undermine its progress towards a sustained development and add to the country external vulnerability and dependence. UNCTAD has drawn attention to what it calls the "island paradox":[a] small island developing States (SIDS) generally appear to be among the relatively more prosperous developing countries, and all potential cases of graduation from least

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[a] See the note by the Secretary-General transmitting a note by the United Nations Conference on Trade and Development on the benefits associated with the least developed country status and the question of graduation (E/2001/CRP.5 and Add.1 and Corr.1), paras. 59-60.

developed country status are small island developing States. However, these States are also among the most economically vulnerable and externally dependent and among the least prepared to withstand the shock of immediate graduation.

12. The Committee on Development Policy fully recognizes that small countries are economically more vulnerable to external shocks than large ones because of their high dependence on foreign trade, limited diversification and diseconomies of scale. It points out that most small island least developed countries face a range of structural handicaps that make them even more vulnerable. Cape Verde's case is very enlightening in this regard (see para. 6 above).

Adjusting the rules for graduation: a matter of equity

13. The Government of Cape Verde believes that despite the country's significant advancements, it remains dependent on external resources and is as yet unable to put in place the structural changes that would allow it to reach the threshold of sustainability which would make those achievements irreversible and ensure a process of strong, self-sustained growth. Under these circumstances, Cape Verde needs to retain the treatment accorded under the LDC regime, without which it will be unable to maintain and improve its human development levels or to use the forces of globalization to place its economy on the road to diversification and sustainable specialization. Thus, bearing in mind the factors which make the country so vulnerable, including factors related to its SIDS condition, and the uncertainties of the current global situation, the Government is highly concerned at the high risks associated with Cape Verde's premature graduation from the list of least developed countries. It believes that graduation should be envisaged only after a country has made sustainable progress and is capable of benefiting from the new opportunities offered by economic globalization. At present, neither the conditions nor the guarantees needed for a secure graduation from the group of LDCs exist and there is a real possibility of the country's slipping back into least developed status, which would compromise both the credibility and the consistency of international development policy.

14. In addition, the Government of Cape Verde believes that the question of graduation of the least developed countries and, in particular, of those which are additionally handicapped by their situation as small island developing States, merits careful consideration by the Council in order to ensure that countries that have achieved good governance and high performance are not penalized by being suddenly faced with the prospect of reduced resources and less favourable treatment resulting from their graduation from the group.

15. Moreover, the Government of Cape Verde notes that there has been little, if any, progress in meeting the need for international policies that would guarantee a smooth transition for graduating countries, despite the commendable efforts of the Economic and Social Council to sensitize the international community to the importance of a smooth transition. This situation implies that there is still great uncertainty regarding the international environment that potential graduating countries will face.

16. The Government of Cape Verde welcomes the efforts of the Committee on Development Policy to adjust its criteria in order to better address a wide variety of situations. However, the Government believes that on the question of graduation, economic vulnerability needs to be taken more fully into account and that it would be more equitable to establish that a least developed country could not graduate until it had crossed the threshold of the Economic

Vulnerability Index since, in practical terms, it is the EVI that reflects the structural factors and determines the sustainability of the progress measured by the two other indices, income per capita and human capital.

17. This is particularly true of small island States; for this reason, the Government of Cape Verde believes that crossing the EVI threshold is an essential criterion for their graduation. Furthermore, it is convinced that to take the specific problems that the least developed of those States face into consideration would introduce a degree of justice without calling into question the basis for the current methodology. Moreover, such treatment would be consistent with the accepted views within the United Nations regarding the desirability of according more differentiated special treatment to the small island developing States in the context of the upcoming 10-year review of the Barbados Programme of Action for the Sustainable Development of Small Island Developing States, which explicitly recognizes their vulnerability.

18. In light of the above, and stressing the widely shared concern of ensuring that no least developed country's development process is hindered by its graduation, the Government requests that the Council should:

(a) Defer the question of Cape Verde's graduation from the list of least developed countries until the conditions for its self-sustainable development have been put in place; and, in this connection;

(b) Consider an adjustment to the rules that would make crossing the EVI threshold a required condition for the graduation of a small island LDC.

19. In addition, the Government also believes that in the framework of the ongoing preparatory process of the upcoming review of the Barbados Programme of Action, the special needs and concerns of the small island developing States within the group of least developed countries should be reviewed and duly addressed.